

# ASX Release

## Citadel Resource Group Limited to offer shareholder sale facility

Citadel Resource Group Limited (**Company**) has initiated a share sale facility designed to allow shareholders with less than 1250 shares to sell their shares cost effectively and simply to assist the Company in reducing in reducing administration costs. The Company will bear all brokerage and handling fees related to the sale of shares under this facility.

The Company appreciates the support offered by all shareholders and as such each shareholder has the opportunity to nominate whether they would like to retain their shareholding.

This is one of many cost reduction initiatives currently underway. This year along with the Notice of Annual General Meeting, shareholders will be sent documentation to nominate to receive communications from the Company electronically.

### Unmarketable Parcels Sale Facility

Consistent with the Company's constitution, and recognising that the cost to shareholders of selling very small holdings can be prohibitive, shareholders with an unmarketable parcel of shares (equivalent in value to or below A\$500) will shortly receive a letter in the form attached. This letter explains that, unless they advise the Company otherwise, their shares will be sold on market and the proceeds remitted to them at zero cost to them. Shareholders who wish to retain their unmarketable parcels of shares must return the form enclosed with the letter otherwise their shares will be sold.

### For further information, please contact:

Sue-Ann Higgins  
Company Secretary  
Tel: 03 8680 4616

11 September 2009

**Citadel Resource Group Limited**

**ABN - 92 009 727 959**

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**THIS LETTER CONTAINS IMPORTANT INFORMATION ABOUT YOUR CITADEL  
SHAREHOLDING AND REQUIRES YOUR IMMEDIATE ATTENTION**

Dear Shareholder,

**Unmarketable Parcels Sale Facility**

I am writing to advise all shareholders who hold less than A\$500 worth of fully paid ordinary shares (**unmarketable parcel**) in Citadel Resource Group Limited (**Citadel** or **Company**), that Citadel is implementing an unmarketable parcels share sale facility (**Unmarketable Parcels Sale Facility**) under Rule 73 of Citadel's constitution.

Our records indicate that you are the holder of an unmarketable parcel of shares as at 11 September 2009 (i.e. 1250 shares or less), therefore your holding has been included in the Unmarketable Parcels Sale Facility. If the market value of your share holding remains less than A\$500 on 26 October 2009, as detailed below, your Citadel shares will be sold, unless you notify us otherwise. If you wish to retain your shares, please notify us of your intention, by following the opt out procedure set out below.

**Sale Price**

Citadel will bear all brokerage and handling fees related to sales under the Unmarketable Parcels Sale Facility. The price that will be paid to shareholders for each share sold through the Unmarketable Parcels Sale Facility will be the volume weighted average price received by the broker for the sale of all shares sold through the Unmarketable Parcels Sale Facility. That price will be calculated by the broker. The market price of Citadel shares is subject to change, and the proceeds remitted to a shareholder for the sale of their shares under the Unmarketable Parcels Sale Facility may be more or less than the actual price that is received by the broker for those shares.

**Ability to Opt Out**

You may elect to respond to this letter and prevent the sale of your holding under the Unmarketable Parcels Sale Facility.

## **What do I need to do?**

If you wish to RETAIN your Citadel shares, you must complete a GREEN *Continuation Election Form* and return it in the enclosed envelope so that it is received by the CITADEL share registry by 26 October 2009, which is the end of the notice period (**Notice Period**).

If you do nothing (i.e. you do not return a completed *Continuation Election Form* and your Citadel shareholding remains an unmarketable parcel), your Citadel shares will be sold as soon as practicable following the end of the Notice Period, which ends on 26 October 2009.

Forms can be returned using the enclosed envelope (reply paid for Australia) or using the postal or hand delivery address for Citadel's share registry listed on the *Continuation Election Form*.

## **Why is Citadel implementing an Unmarketable Parcels Sale Facility?**

Citadel welcomes the support of all shareholders, however, Citadel incurs administrative costs in producing and distributing shareholding statements, annual reports, notices of meeting and other communication, irrespective of the size of the shareholding. The cost of maintaining shareholder accounts can be disproportionately high when compared with the dollar value of small shareholdings. In addition, investors holding small numbers of shares may find it difficult or expensive to dispose of those shares through the normal means.

## **Authority to implement the Unmarketable Parcels Sale Facility**

Under Rule 73 of Citadel's constitution, Citadel may notify shareholders who hold less than A\$500 worth of Citadel shares that it intends to sell their shares. This letter, the GREEN *Continuation Election Form* and the extract of Rule 73 of Citadel's constitution which accompanies this letter, satisfy the notice requirements under Rule 73 of Citadel's constitution.

Shareholders who hold unmarketable parcels have the opportunity, however, to inform Citadel that they wish to retain their shareholding. If a shareholder notifies Citadel within the Notice Period, the Company will not sell those shares. Otherwise, after the Notice Period, the Company is entitled to sell the unmarketable parcels with the proceeds of sale remitted to the shareholder whose shares were sold. Shares will be sold on the Australian Securities Exchange at prevailing market prices.

If your shares are in a CHESS holding and remain in a CHESS holding on 26 October 2009, and are to be sold under the Unmarketable Parcels Sale Facility, you should note that Citadel may, without further notice to you, sell the relevant shares while they remain in your CHESS holding, and may initiate a holding adjustment to move those shares to an issuer sponsored holding or a certificated holding for the purposes of that sale.

## **Sales Process and Sale Proceeds**

The Company will bear the brokerage and handling costs in respect of the sales. Citadel has arranged for Novus Capital Limited to act as broker to effect these sales. These sales will take place following the end of the Notice Period. Novus Capital Limited may sell in batches the shares of multiple shareholders.

It is expected that the proceeds (in Australian dollars) will be remitted to you within 2 weeks of the last sale of shares by the broker under the Unmarketable Parcels Sale Facility. The proceeds received for the sale of any securities (less any unpaid calls installments or interest (if any) accrued on those installments) will be paid by the Company into a bank account in trust for you. The Company will notify you of the sale of your shares and that the relevant sale consideration is being held by the Company pending the receipt by the Company of written instructions from you as to how the sale proceeds are to be remitted. If you do not provide these instructions, the proceeds will be dealt with in accordance with Section 544 of the *Corporations Act 2001 (Cth)* or the *Public Trustee Act 1978 (Qld)* as the case may be.

### **Change in the value of your holding**

If the market value of your Citadel shares increases during the Notice Period, due to an increase in the Citadel share price, so that your shares that were previously identified by Citadel as being an unmarketable parcel become a marketable parcel (i.e. their value becomes equal to or greater than A\$500) the Company will not sell your shares.

Alternatively, if you increase your holding of Citadel shares during the Notice Period to a marketable parcel, Citadel will not sell your shares. If you sell your Citadel shares prior to the end of the Notice Period, no further action will be taken.

### **Important Notes**

Neither Citadel, Registries Limited nor Novus Capital Limited makes any recommendation or gives any advice to you regarding whether to retain your shares or permit them to be sold under the Unmarketable Parcels Sale Facility. If you are in any doubt about whether to retain your shares or permit them to be sold, please consult your financial adviser.

Up to date information on the market price of Citadel shares is available from the ASX website ([www.asx.com.au](http://www.asx.com.au)) under the code *CGG*. A copy of the Financial Services Guide provided by the Broker in relation to the Unmarketable Parcels Sale Facility is available from Citadel's website ([www.citadelrg.com](http://www.citadelrg.com)).

If you have any questions regarding how the Unmarketable Parcels Sale Facility works, or you have a number of holdings that you wish to consolidate, please contact the Citadel Share Registry Call Centre on 1300 737 760 (within Australia) or on +61 2 9290 9600 (outside Australia).

Yours sincerely,



**Sue-Ann Higgins**  
**Company Secretary**

## EXTRACT OF CITADEL'S CONSTITUTION

### 73. SALE OF LESS THAN MINIMUM HOLDING

73.1 This Rule has effective notwithstanding any other provision of this Constitution to the contrary and shall override the same to the extent of any inconsistency.

73.2 In this Rule:

**Continuation Election** means an election by a Small Holder contained on or enclosed with a Continuing Member Notice notifying the Company that this Rule is not to apply to that Small Holder so that that Small Holder may remain as the holder of the securities registered in its name;

**Continuing Member Notice** means a notice issued pursuant to Rule 73.3 below;

**Election Deadline** means 5.00pm (Australian Eastern Standard Time) on a date specified in a Continuing Member Notice, being a date not less than six (6) weeks after the date of dispatch of that Continuing Member Notice;

**Minimum Holding** means a holding of securities the maximum of which shall be one Marketable Parcel of securities, of the same class in the Company at the time of reference as determined by the Board from time to time;

**Small Holders** means persons registered, either alone or jointly with any other persons, as the holders of less than a Minimum Holdings.

73.3 Subject to the provisions of this Rule, the Board may determine no more than once in any twelve (12) month period, to require all (and not merely some) of the Small Holders of any class of securities in the Company to elect whether they wish to remain as the holders of the securities of that class in the Company registered in their name by:

- (a) forwarding to each such Small Holder (including all persons registered jointly) a Continuing Member Notice containing or enclosing:
  - (i) details of the securities of that class in the company held by the Small Holder;
  - (ii) statements to the effect that:
    - (A) the Company intends to invoke the provisions of this Rule which allows for the sale of securities of that particular class held by all Small Holders in the Company;
    - (B) if any such Small Holder does not forward a Continuation Election signed in accordance with the instructions contained therein so as to be received by the Company by the Election Deadline, the Company will be, subject to this Rule, entitled to sell the securities of that particular class held by those particular Small Holders in its absolute discretion; and

- (C) in the case of a Member whose securities are in a CHESS holding, that the Company may, without further notice, after the Election Deadline, move the securities from the CHESS holding to an Issuer Sponsored or certified holding for the purpose of sale.
  - (iii) a Continuation Election;
    - (iv) a reply paid envelope;
    - (v) a copy of the text of this Rule; and
    - (vi) any other information which the Directors may desire to include; and
  - (b) lodging, on the same day as the Continuing Member Notices are dispatched, for publication in a newspaper circulating generally throughout Australia a notice including statements to the effect of those specified in Rule 73.3.
- 73.4 After the Election Deadline has expired, the Company shall be entitled to sell, subject to this Rule, all securities in the Company held by Small Holders of the particular class in respect of which Continuing Member Notices were dispatched and for which the Company did not receive a Continuation Election signed in accordance with the instructions contained in the Continuing Member Notice prior to the Election Deadline. Any such sale may be made on such terms and conditions, in such manner, at such prices and to such persons (including the Company itself where authorised by law) as the Board may in its absolute discretion think fit and, for the purposes of such sale, each such Small Holders shall be deemed to have appointed the Company as its agent and the Directors at the relevant time jointly and severally as its attorney in its name and on its behalf to effect a transfer of the securities so sold. If the securities are transferred pursuant to an ASTC-Regulated transfer, any transfer of securities sold pursuant to this Rule may be registered by the Company without the production of the certificates in respect of such securities.
- 73.5 Any transferee of any securities sold pursuant to this Rule shall not be bound to see to the regularity of any procedure or to the application of the purchase consideration in respect of such sale nor shall any transferee be required to produce the certificates in respect of such securities to enable registration. Once the transferee has been registered as the holder of such securities her/his title shall not be affected by any irregularity or invalidity in any procedure and the only remedy of any Small Holder aggrieved by the sale of its securities shall be in damages only and against the Company exclusively and shall be limited to the amount of the sale consideration received (less any unpaid calls instalments or interest (if any) on those instalments).
- 73.6 The costs and expenses of any sale of securities pursuant to this Rule (including legal costs and disbursements, brokerage and stamp duty) shall be borne and paid by the Company.
- 73.7 The sale consideration received for the sale of any securities (less any unpaid calls instalments or interest (if any) accrued on those instalments) shall be paid by the Company into a bank account opened and maintained for no other purpose and shall be held by the Company in trust for the Small Holder whose securities have been so sold. The Company shall then notify such Small Holder in writing that the relevant class of securities held by it have been sold and that the relevant sale consideration is being held by the Company

pending the receipt by the Company of written instructions as to how such moneys are to be dealt with and, unless such certificates have been cancelled pursuant to this Constitution, the certificates in respect of such securities or evidence satisfactory to the Board that such certificates have been stolen lost or destroyed and have not been pledged sold or otherwise disposed of prior to their sale under this Rule. The sale consideration for any securities sold pursuant to this Rule shall be dealt with in accordance with Section 544 of the *Corporations Act* or the *Public Trustee Act 1978 (Qld)* as the case may be.

73.8 If the securities are transferred pursuant to an ASTC-Regulated Transfer the Company shall cancel all certificates relating to securities sold pursuant to this Rule.

73.9 Despite any provision of this Rule, either express or implied, to the contrary;

- (a) the Board shall not be bound to exercise the powers conferred by this Rule and shall be entitled, at any time prior to the sale of securities being effected, to suspend or terminate its use by written notice to the Small Holders affected;
- (b) the accidental omission by the Company to give any notice required under this Rule or the non-receipt of any such notice by any Small Holder shall not invalidate any action undertaken in good faith pursuant to this Rule;
- (c) the Board may in its absolute discretion settle any ambiguity, difficulty, anomaly or dispute which may arise in relation to the operation of this Rule;
- (d) no sale of any securities pursuant to this Rule shall be commenced if prior to such sale a takeover bid (within the meaning of Section 9 of the *Corporations Act*) to acquire securities of the same class as the securities which are to be sold pursuant to this Rule has either been announced as being intended to be made or has been made and is still open for acceptance; and
- (e) where a Continuing Member Notice has been dispatched to any person who at a particular time was a Small Holder but, prior to the relevant Election Deadline, that person acquires such number of securities in the Company of the same class in respect of which the Continuing Member Notice was dispatched so that the total number of securities of that class to which the Small Holder is registered or is entitled to be registered becomes greater than or equal to a Minimum Holding of securities of that class and a transfer for such securities acquired has been lodged for registration with the Company, then this Rule shall not apply to that in respect of that Continuing Member Notice despite that that person may not have forwarded a Continuation Election to the Company prior to the relevant Election Deadline.

73.10 In the event that the Company is listed, this Rule shall be subject to the potential operation of the Listing Rules or the ASTC Settlement Rules (as the case may be) to the securities intended to be sold under this Rule.

[See LR 15.13]